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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2017 (U 39 M).

Application 15-09-001
(Filed September 1, 2015)

ASSIGNED COMMISSIONER'S RULING AND SCOPING MEMO

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
ASSIGNED COMMISSIONER’S RULING AND SCOPING MEMO	1
1. Background.....	2
2. Scope of Proceeding	4
A. Traditional Scope of Issues	4
B. Safety and Risk Management.....	5
C. Additional Issues	9
D. Conclusion on Scope of Proceeding	14
3. Schedule	15
4. Case Management Statement (CMS)	17
5. Public Participation Hearings	18
6. Phase 2 Filing.....	19
7. Proceeding Category, Need for Hearings, and <i>Ex Parte</i> Rules	19
8. Principal Hearing Officer	19
9. Final Oral Argument.....	20
10. Discovery Protocols.....	20
11. Filing, Service and Service List.....	21
12. Web Posting of Documents	23
13. Hearing Ground Rules.....	23
14. Intervenor Compensation	23

APPENDICES

APPENDIX A: Adopted Proceeding Schedule

APPENDIX B: Principal Issues to be Considered

APPENDIX C: Web-Based Discovery Protocols for Obtaining
Information from PG&E

APPENDIX D: Document Website Posting Procedures

APPENDIX E: Ground Rules for Evidentiary Hearing

ASSIGNED COMMISSIONER'S RULING AND SCOPING MEMO

Pursuant to Rule 7.3 of the Commission's Rules of Practice and Procedure (Rules),¹ this Ruling and Scoping Memo sets forth the procedural schedule, assigns the presiding officer, and addresses the scope of this proceeding and other procedural matters following the prehearing conference held on October 29, 2015.

1. Background

On September 1, 2015, Pacific Gas and Electric Company (PG&E) filed Application (A.) 15-09-001, its *Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2017* (Application). This is the General Rate Case (GRC) Phase 1 application of PG&E. In Phase 1 of a GRC proceeding, the Commission determines the utility applicant's gas and electric system revenue requirements and addresses related issues. Phase 2 of the GRC is the subject of a separate application, and addresses electric marginal cost, revenue allocation, and rate design matters. In this Phase 1 application, PG&E seeks authority to increase its base revenue requirements for its gas and electric distribution systems and electric generation by \$457 million, effective January 1, 2017. This requested increase consists of \$85 million for the gas distribution system (a 4.9% increase), \$164 million for the electric distribution system (a 3.9% increase) and \$208 million for electric generation (a 10.6% increase).² PG&E's base revenue requirement (the subject of this GRC application) is only a portion of PG&E's

¹ All references to rules are to the Commission's Rules of Practice and Procedure, which are available on the Commission's website.

² PG&E application, Table 2 at 2.

total electric and gas revenue requirements, which include other large cost categories that are addressed by the Commission in non-GRC proceedings (e.g., energy procurement costs). Assuming for illustrative purposes that no future increases in these other costs would occur in 2017, PG&E states that its request in this GRC represents a 2.5 percent increase over its total 2016 combined gas and electric revenue of \$18.091 billion.

PG&E also seeks approval of an attrition adjustment mechanism estimated to result in additional revenue increases in 2018 and 2019 in the amounts of \$489 million and \$390 million, respectively. Over the entire three-year GRC period, the increase in base revenues plus the annual attrition increases results in a total increase in base revenues of \$2.739 billion.

PG&E lists the following key reasons for its requested revenue increases:

- a. increases in the costs of delivering energy safely to customers and providing responsive customer service;
- b. the need to make capital investments to replace aging infrastructure;
- c. the need for capacity-driven additions;
- d. recovery of costs for depreciation associated with PG&E's plant investments; and
- e. costs of complying with governmental regulations and orders.

Protests or responses to PG&E's Application were filed on October 5, 2015 the Commission's Office of Ratepayer Advocates (ORA), The Utility Reform Network (TURN), Marin Clean Energy, the Merced and Modesto Irrigation Districts (Merced and Modesto), the National Diversity Coalition (NDC), Southern California Edison Company, and Sonoma Clean Power (SCP). PG&E filed replies to protests on October 15, 2015.

Prehearing Conference (PHC) Statements were filed on October 23, 2015 by PG&E, ORA, TURN, NDC, Environmental Defense Fund, SCP, Merced and Modesto, State Water Contractors, and the Transmission Agency of Northern California.

On October 29, 2015, the Commission held a duly noticed PHC to determine parties, create the service list, identify issues, consider the schedule, and address other matters as necessary to proceed with this docket. This ruling adopts a procedural schedule, scoping memo, and procedural protocols for this proceeding based upon consideration of parties' filings and discussions at the PHC.

2. Scope of Proceeding

This GRC is the first application filed by PG&E since the Commission issued Decision (D.) 14-12-025 in Rulemaking (R.) 13-11-006, its "Rulemaking to Develop a Risk-Based Decision-Making Framework to Evaluate Safety and Reliability Improvements and Revise the General Rate Case Plan for Energy Utilities." The scope of this proceeding will thus be different than previous PG&E GRCs.

A. Traditional Scope of Issues

First, the traditional scope of issues in this proceeding revolve around the determination of the extent that the needs and costs identified by PG&E are just and reasonable and should be reflected in retail rates. PG&E states that the fundamental elements making up its requested revenue requirement increases for its gas distribution, electric distribution and generation operations are: Operations and Maintenance (O&M) expense; Customer Services expense; Administrative and General (A&G) expense; changes in Other Operating Revenue; franchise fees, and uncollectibles (FF&U) and payroll taxes; and return,

taxes, depreciation and changes in depreciation rates. In their protests, parties stated their intent to closely examine PG&E's requested revenue requirements for these elements. Pursuant to Rule 2.1 (c), PG&E identifies the principal issues to be considered in this proceeding in its Application.³ Those issues are within the scope of this proceeding, and are listed in Appendix B of this Ruling.

B. Safety and Risk Management

In this proceeding the Commission will examine safety and risk-related issues in a manner that is fundamentally different than has been used in prior GRCs. In D.14-12-025, the Commission for the first time incorporated a risk-based decision-making framework into the Rate Case Plan (RCP) for the energy utilities' General Rate Cases.⁴ At the outset of that decision, the Commission provides a simple summary of the changes it was adopting, which is repeated here:⁵

The framework and parameters that we adopt today will assist the utilities, interested parties and the Commission, in evaluating the various proposals that the energy utilities use for assessing their safety risks, and to manage, mitigate, and minimize such risks.

For the large energy utilities, this will take place through two new procedures, which feed into the GRC applications in which the utilities request funding for such safety-related activities. These two procedures are:

³ PG&E application at 18-22.

⁴ The RCP was initially developed and adopted to guide the energy utilities on the type of information that is to be presented, and the procedural schedule that is to be followed, for addressing their revenue requirement requests in their GRCs.

⁵ D.14-12-025 at 2-3.

1. The filing of a Safety Model Assessment Proceeding (S-MAP) by each of the large energy utilities, which are to be consolidated; and
2. A subsequent Risk Assessment Mitigation Phase (RAMP) filing in an Order Instituting Investigation for the upcoming GRC wherein the large energy utility files its RAMP in the S-MAP reporting format describing how it plans to assess its risks, and to mitigate and minimize such risks.

The RAMP submission, as clarified or modified in the RAMP proceeding, will then be incorporated into the large energy utility's GRC filing. In addition, the large energy utilities will be required to file annual reports following their GRC decisions.

It is our intent that the adoption of these additional procedures will result in additional transparency and participation on how the safety risks for energy utilities are prioritized by the Commission and the energy utilities, and provide accountability for how these safety risks are managed, mitigated and minimized.

The Commission's first S-MAP proceeding is currently underway. PG&E filed its S-MAP application on May 1, 2015. The two purposes of the S-MAP are:

1. To allow parties to understand the models the utilities propose to use to prioritize programs/projects intended to mitigate risks; and
2. To allow the Commission to establish standards and requirements for those models.

A Commission decision addressing the S-MAP applications of PG&E and the other energy utilities is expected in June, 2016.⁶

⁶ A.15-05-002 et al., September 9, 2015 Scoping Memo and Ruling of Assigned Commissioner at 16.

With respect to the relationship of these proceedings to this GRC, PG&E notes in its application and testimony that the Commission's new method for processing rate cases will be fully in effect for PG&E's next GRC application, which PG&E will file in September, 2018. That application will utilize the Commission's upcoming findings in the S-MAP proceeding, which will inform PG&E's first Risk Assessment and Mitigation Phase (RAMP). The output from the RAMP, which PG&E expects to submit in October 2017, will then flow into the 2018 GRC filing.

In the meantime, this proceeding will not ignore the Commission's directives and the plan put in place by D.14-12-025. PG&E states that "PG&E's showing comports with the spirit and direction of the Commission's new risk-focused Rate Case Plan. Indeed, PG&E's forecast uses the same risk models and approaches described in the Commission's concurrent Safety Model Assessment Proceeding...Unlike any GRC ever put before the Commission, this GRC provides detailed output from the Company's risk models to provide visibility into the manner in which the Company has assessed risk in the context of PG&E's operations and considered risk in developing this GRC forecast."⁷

Thus, there is no disagreement that the scope of this proceeding will include the question of whether PG&E's proposed risk management, safety culture, governance and policies, and investments will result in the safe and reliable operation of its facilities and services. I intend that this proceeding will document and review how PG&E finances safety efforts, particularly how the Commission evaluates compensation of PG&E's executive leadership around

⁷ PG&E Application at 1.

questions of safety. The alignment of the utility's interests with those of the public around safety is a significant tool that is available to the Commission.

Furthermore, as discussed at the PHC, the scope of this proceeding shall expressly include consideration of a Report by the Commission's Safety and Enforcement Division (SED) that will be issued in this proceeding. D.14-12-025 established that future GRCs will include an obligation for the utilities to provide the Commission with annual Risk Mitigation and Risk Spending accountability reports following Commission decisions on their GRC applications. The exact nature and content of those reports has not yet been established, and are being considered in the S-MAP applications.⁸ In the meantime, in order for the S-MAP proceeding to be efficiently coordinated with this GRC, the Risk Assessment section of SED shall provide advisory staff support for this proceeding.⁹ As has been the case in other recent GRC proceedings before the Commission, SED shall provide a report on safety and risk management aspects of PG&E's Application to help the Commission identify whether and how PG&E is complying with guidelines for risk management that were provided in D.14-12-025, and are currently being further developed in the consolidated S-MAP applications.

Because the Commission has not yet adopted a particular risk management methodology to be used in GRCs on a going forward basis, SED's

⁸ Each report is described in D.14-12-025: (1) a Risk Mitigation Accountability Report, in which the utility compares its GRC projections of the benefits and costs of the risk mitigation programs adopted in the GRC with the actual benefits and costs, and explains any discrepancies; and (2) a Risk Spending Accountability Report, in which the utility compares its GRC projected spending for approved risk mitigation projects with the actual spending on those projects, and explains any discrepancies.

⁹ The Risk Assessment section's advisory role is separate from any potential advocacy role for other branches in SED.

report in this proceeding shall be more informational than compliance-oriented. For example, I expect SED's report to describe and analyze how PG&E's existing process is evolving and is being used for the following purposes:

- to identify major risks;
- to determine potential mitigation plans and programs; and
- to inform PG&E's GRC budget requests in order to reduce or avoid those major risks.

SED shall file and serve its report by March 1, 2016. The report shall be made available to the parties by ALJ ruling in accordance with the schedule discussed below and as adopted in Appendix B of this Ruling; an option for a follow-up workshop is included in that schedule. This will provide parties the opportunity to ask questions or seek clarifying information regarding the SED report. Finally, parties shall have an opportunity to file and serve comments on the report. I do not anticipate at this time that SED staff members will be subject to cross-examination during hearings, but this matter may be revisited by any party once they have reviewed SED's report.

C. Additional Issues

During the PHC, parties discussed additional scoping issues and questions. PG&E provided a summary of its discussions prior to the PHC with parties that filed protests and/or PHC statements. PG&E summarized several issues that participants clarified via those discussions; we address each of those issues with respect to the scope of this proceeding here.

First, SCP clarified its reference to non-bypassable charge (NBC) issues in its PHC statement. SCP stated that it seeks to evaluate GRC costs that affect NBCs. SCP does not intend to litigate the level of NBC charges, nor the

methodology used to calculate them. Based on this clarification, PG&E agrees that SCP's issue is within the scope of this GRC.

Second, NDC clarified its reference to “diversity goals and reporting” in its PHC statement. NDC stated its intention to address what may be possible in light of PG&E's requested funding levels, and not to seek changes to the Commission's general diversity policies that are the subject of other Commission proceedings. Based on this clarification, PG&E agrees that such issues are within the scope of this GRC.

Third, NDC also proposed that the scope of the GRC explicitly include whether PG&E is reasonably accountable to ratepayers and publicly discloses adequate information on ratepayer-funded activities. PG&E agrees that this is within the scope of this GRC.

Fourth, the Alliance for Retail Energy Markets/Direct Access Customer Coalition proposed that issues regarding the Commission's order in D.14-12-024 that programs or tariffs that are "only available to bundled customers" shall have the associated program's costs "allocated solely to generation rates" explicitly be made part of the scope of the GRC.¹⁰ PG&E agrees that these issues are within the scope of this GRC.

Based on the agreements reached between each party listed above and PG&E, each of the four issues discussed above is within the scope of this proceeding.

¹⁰ See, Rulemaking 13-09-011, *Order Instituting Rulemaking to Enhance the Role of Demand Response in Meeting the State's Resource Planning Needs and Operational Requirements*, D.14-12-024 at 48 and Ordering Paragraph 8.a.

Finally, during the conference call TURN and PG&E agreed two matters raised in TURN's protest should be further addressed at the PHC. Based on the written pleadings and additional discussion at the PHC, each issue is resolved below.

First, in its protest TURN requests that the Commission require PG&E to submit supplemental testimony, as part of its case-in-chief, demonstrating that it is not seeking recovery in this case of any costs to remedy deficient gas distribution recordkeeping or any other imprudence in its operations. TURN asserts that in its response to the Commission's November, 2014 "Gas Distribution Recordkeeping" Investigation OII, "PG&E admitted to significant problems with its gas distribution records and has further acknowledged that the company found it necessary to develop a variety of work activities to remedy those problems." Thus, TURN reasons that "PG&E should be required to fully address in its case-in-chief the extent to which any of its forecast costs are the result of deficiencies in its operations, with respect to recordkeeping or any other aspect of its business."¹¹

PG&E responds that TURN's request is unnecessary because PG&E already plans on submitting additional testimony addressing the Commission's requirement that PG&E's shareholders fund certain remedies arising from Commission Decision 15-04-024 (PG&E served this testimony on October 28, 2015). PG&E also objects to TURN's argument about removing costs relating to PG&E's "imprudence in its operations" by distinguishing between disallowances for past improper action and, in this case, TURN's apparent suggestion that

¹¹ October 5, 2015, Protest of TURN at 9.

PG&E reduce its forecasts costs to remove projects that a prudent manager would have completed long ago: “In other words, there was a legal obligation to have performed the work in the past, and PG&E previously received funding to do the work, but never did it.”¹² Based on this distinction, PG&E concludes that “there is no need to supplement the record to determine whether any of the costs in PG&E’s forecast meet this test.”¹³

As it happens, PG&E’s response to TURN aptly captures the issue that should be included in the scope of this GRC: whether or not PG&E’s forecast cost associated with its gas distribution recordkeeping are reasonable. For the Commission to make a determination on this question, the record in this proceeding must necessarily include sufficient information, as TURN phrases the issue, for PG&E to meet “the burden of proof to demonstrate the reasonableness of all aspects of their GRC requests, including, where necessary, a demonstration that the proposed work is not necessary to remedy imprudence.”¹⁴ More simply, PG&E must show, as it intends to do, that all of its forecast costs are reasonable.¹⁵

At the PHC, TURN distributed recommended language describing its proposal for PG&E’s supplemental testimony “regarding activities and associated costs to address inaccurate, missing, or inaccessible records”:

With respect to gas distribution recordkeeping, PG&E should be required to present supplemental direct testimony and workpapers that:

¹² October 15, 2015, PG&E’s Reply to Protests and Responses at 5. PG&E cites the Commission’s 2012 decision in PG&E’s Pipeline Safety Enhancement Proceeding.

¹³ *Id.*

¹⁴ TURN Protest at 10.

¹⁵ PG&E’s Reply to Protests and Responses at 5.

- a. Identify each project or program in this GRC and the 2014 GRC - and the associated costs - that, in whole or in part, include among their purposes: correction of inaccurate records, supplying missing as-built information; assessing the accuracy of records or maximum allowable operating pressures; or making inaccessible records accessible; and
- b. Explain whether costs of those projects or programs are included in, or affect, revenue requirement requested in this case.
 1. If so, why this outcome is just and reasonable.
 2. If not, what costs have been removed from PG&E's request and why such amount of removed costs is sufficient to ensure just and reasonable rates.

TURN's proposed language captures the topics that are within the scope of this proceeding. By including information from its 2014 GRC in its supplemental testimony, PG&E will provide the Commission with sufficient historical background for a complete evaluation of PG&E's 2017 forecasts. The schedule adopted below sets a deadline of January 22, 2016 for PG&E's submittal of this supplemental testimony.

A second request made by TURN in its protest is that the Commission should remove from the scope of this case PG&E's premature effort to obtain funding for programs that are the subject of its recently filed Distribution Resources Plan (DRP) application. TURN asserts that PG&E's effort to gain approval of its DRP programs in this GRC before its DRP has been reviewed and ruled upon in A.15-07-006 is premature and contrary to statutory requirements.

PG&E responds that it does not agree with TURN that the Commission may not lawfully consider these proposed expenditures until PG&E's 2020 GRC: "the question of whether or not to include costs in a GRC should not depend on

whether or not there are concurrent CPUC proceedings relating to those costs. Rather, the test should be whether the costs are reasonably forecast to be incurred during the GRC period at issue.”¹⁶

PG&E’s reasoning makes sense. The scope of this proceeding should include evaluation of all of PG&E’s forecast distribution-related investments, even if they may be conceptually related to the DRP proceeding. Like all of its forecast investments, PG&E must meet its burden to demonstrate that these investments are reasonable in order to be authorized to move forward with those that are established to be necessary beginning in 2017.

D. Conclusion on Scope of Proceeding

In conclusion, all matters raised in PG&E’s application, or which may be reasonably inferred from the application, are within the scope of this proceeding. These issues are listed in Appendix B of this Ruling. The issues identified by parties in protests and PHC statements fall within the overall scope of this proceeding as well. The specific issues raised by TURN and described and clarified immediately above are also within the scope of this proceeding, as clarified.

A final scoping matter concerns the means by which the Commission will consider any proposals in this proceeding that may be made by parties other than PG&E. In the past, the Commission has either opened a companion Order Instituting Investigation for this purpose, or simply clarified that it will entertain the affirmative proposals of parties other than PG&E. Only PG&E and TURN commented on this matter. PG&E requested that the Commission issue the

¹⁶ PG&E’s Reply to Protests and Responses at 7.

clarifying statement, while TURN expressed no preference between the two options. Instead of opening a separate OII in this proceeding, it is my intention that this proceeding shall allow other parties to present affirmative proposals and recommendations concerning subjects that are relevant to this GRC but are not covered by the PG&E's application or testimony.

3. Schedule

Parties could not agree on a proposed schedule prior to the PHC, nor at the PHC itself.

PG&E's proposed schedule is consistent with the revised GRC "Rate Case Plan" (RCP) schedule adopted by the Commission in D.14-12-025, with one additional milestone allowing PG&E to file supplemental testimony, as PG&E specifies in its application.

ORA, with the support of TURN and NDC, acknowledges the Commission's recent RCP decision, but nevertheless proposes a schedule that would allow ORA more time to file and serve its testimony than is contemplated in the RCP schedule. ORA's suggested schedule is more in line with the schedule in the previous, now-revised RCP adopted by the Commission in D.07-07-004. According to ORA, the earlier deadline established in the new RCP would not allow ORA sufficient time to conduct a thorough analysis of PG&E's application. TURN notes that all the other intervenor testimony, which is served several weeks after ORA, depends on ORA's comprehensive analysis so that the other intervenors can focus on the specific issues that are of greatest importance to their own constituencies. While ORA asks for more time, its proposed schedule still maintains the overall structure of the new RCP schedule by providing for a final decision in this proceeding by the end of 2016.

PG&E responded to ORA by asserting that the Commission's recently adopted schedule should be followed because it makes no sense to immediately depart from guidance so recently provided by the Commission. ORA notes that D.14-12-025 includes the caveat that "We recognize, however, that there are oftentimes other circumstances or events that interfere with the timely proceeding of GRCs. The assigned Commissioner and ALJ shall have the discretion to alter the schedule as may be needed."

In the context of the Commission's discussion in D.14-12-025, it appears that the Commission was anticipating delays later in a proceeding, rather than the need to alter the schedule just as the proceeding was beginning. Nevertheless, because ORA and other parties made a convincing case at the PHC that the record for this proceeding would be stronger with the adoption of a schedule that afforded ORA more time than contemplated in D.14-12-025, the schedule adopted below provides most of that additional time to ORA. The request of other intervenors for a three week period between service of ORA's testimony and service of intervenor testimony is also honored. The proposed schedule contemplates the need for evidentiary hearings, and provides 15 working days for hearings. However, by adjusting other deadlines, this schedule still anticipates a final Commission decision by December 1, 2016. The additional time provided for ORA is provided by reducing the period for preparation of rebuttal testimony, and reducing the time allowed for preparation of the proposed decision. I believe this schedule fairly accommodates parties' needs with respect to the overall time required for analysis and the preparation of testimony.

The adopted schedule is set forth in Appendix A of this ruling. The assigned Commissioner or ALJ may modify the schedule, as needed. The

adopted schedule includes the possibility that parties may meet and discuss possible issues for settlement. This period falls between the service of intervenor testimony and the period reserved for hearings. While the Commission always encourages parties to pursue settlements of contested issues, in this proceeding I note that the tight schedule suggests that the period identified in the schedule is the preferred time for parties to bring settled issues forward for consideration, rather than later in the proceeding. In the event that issues are settled, the assigned ALJ shall work with parties to determine the proper format for a comparison exhibit that will best assist the Commission in evaluating the merits of the settlement.

This proceeding shall stand submitted for a decision by the Commission upon filing of reply briefs, unless the assigned Commissioner or the ALJ allows admission of additional evidence, or directs further argument. As indicated in the adopted schedule, my goal is to conclude this proceeding by the end of 2016, but in any case, no later than 18 months from the date of this Ruling and Scoping Memo as contemplated by Pub. Util. Code § 1701.5.

On a related matter, no party opposed the possibility that PG&E would file a motion seeking an order from the Commission that would make any revision to the revenue requirements from this case effective January 1, 2017, even if a Commission decision is issued after that date.

4. Case Management Statement (CMS)

In order to facilitate the orderly scheduling of witnesses, a CMS shall be submitted by PG&E. The CMS shall include:

- The status of any ongoing settlement discussions.
- The order of witnesses for evidentiary hearings.

- Cross-examination times estimated by each of the parties and for each of the witnesses they wish to question.
- A list of witnesses for whom no cross-examination is estimated.
- Any other matters that the parties deem relevant.

All parties that submit written testimony and/or intend to cross examine witnesses shall jointly cooperate in providing pertinent information to PG&E for preparation of the CMS. To the extent possible, parties should work collectively towards fitting cross-examination estimates within the 15 days of scheduled evidentiary hearings. For this purpose, parties should assume 4 ½ hours of hearing time per day, or a total of 67.5 hours of hearing time (=15 days * 4 ½ hours).

Parties planning on cross-examination shall provide to PG&E their estimated time for cross examination per witness seven calendar days prior to the start of hearings. In order to minimize the amount of cross-examination, and where feasible, parties should seek to enter into stipulations of facts, or other dispute resolution, as conditions warrant. PG&E shall file and serve the CMS document on behalf of the parties five calendar days prior to hearings.

5. Public Participation Hearings

Public participation hearings (PPHs) will be scheduled in selected locations throughout the PG&E service territory in order to provide an opportunity for PG&E's customers to communicate directly with the Commission about how PG&E's application, if granted, would impact them. A series of PPHs will be held in the period of time following the issuance of intervenor testimony and prior to evidentiary hearings.

The Commission's Public Advisor Office is instructed to convene a conference call with any interested parties to solicit suggestions regarding

locations, dates, or other related issues relating to scheduling and conducting PPHs in this proceeding. A separate ruling will be issued providing further information regarding public notice and identifying the specific locations, dates and times for the PPHs.

6. Phase 2 Filing

For the information of interested parties, PG&E is scheduled to file a separate Phase 2 application to address electric marginal costs, revenue allocation, and rate design in March, 2016. This treatment of Phase 2 issues as a separately filed application is consistent with the procedure followed in recent GRC proceedings, and consistent with the Commission's responsibility under Pub. Util. Code § 1701.5 to complete ratemaking proceedings within 18 months.

7. Proceeding Category, Need for Hearings, and *Ex Parte* Rules

This Ruling confirms the Commission's preliminary determination in Resolution ALJ 176-3365, dated October 22, 2015, that the category for this proceeding is ratesetting and that evidentiary hearings are necessary. This Ruling, only as to category, may be appealed under Rule 7.6. In a ratesetting proceeding such as this one, where hearings are necessary, *ex parte* rules as set forth in Rules 8.1 through 8.5 and Pub. Util. Code § 1701.3(c)¹⁷ apply.

8. Principal Hearing Officer

Pursuant to Rule 13.2(b), ALJ Stephen Roscow is the presiding officer for this proceeding.

¹⁷ All section references are to the Public Utilities Code.

9. Final Oral Argument

Pursuant to Rule 13.13(b), a party in a ratesetting proceeding has the right to make a final oral argument before the Commission if the final oral argument is requested within the time and manner specified in the scoping memo or later ruling. In this proceeding, any party seeking to present a final oral argument shall file and serve a motion within 10 days of the filing date of reply briefs. The motion shall state the request, the subjects to be addressed at oral argument, the amount of time requested, any recommended procedure and order of presentations, and all other relevant matters. The motion shall contain all the information necessary for the Commission to make an informed ruling on the motion and to provide an efficient, fair, equitable, and reasonable final oral argument. If more than one party seeks the opportunity for final oral argument, parties shall use their best efforts to present a joint motion, including a joint recommendation on procedure, order of presentations, and anything else relevant to the motion. Responses to the motion may be filed.

10. Discovery Protocols

In the interests of efficiency and keeping the proceeding on schedule, parties are urged to engage in discovery as early as possible. The following general discovery protocols shall apply. Any exceptions must be negotiated by the parties.

Responses to discovery shall be due within 10 business days, subject to reasonable extensions. For post-rebuttal discovery, parties shall turn around rebuttal-related discovery requests within five days. If a longer response time is required, the party preparing the response shall notify the requesting party and indicate when the response will be sent. Such notice should be provided as soon as possible but no later than 10 business days after receipt of the request. If a

party's sole response to discovery is an objection (as opposed to an objection coupled with a substantive response), the party shall make objections to discovery requests within five business days.

Parties shall use web-based discovery protocols, to the extent practical, to obtain information from PG&E. These protocols are set forth in Appendix C of this ruling. As explained in PG&E's PHC Statement, PG&E maintains a website (<http://apps.pge.com/regulation>) which makes available data request responses, including most documents listed as attachments to the responses. The site is also linked to PG&E's main internet site (<http://www.pge.com>), via the "Rates and Regulation" sub-area. The site does not give access to responses and documents that are voluminous or confidential (e.g., submitted to ORA subject to Public Utilities Code Section 583 or provided to a party subject to the Non-Disclosure Agreement or that are unavailable electronically).¹⁸

Parties shall follow the procedures in Resolution ALJ-164 to resolve discovery disputes, except that a party shall file a response to a discovery motion within three working days (instead of 10 calendar days) unless otherwise ruled by the ALJ. Parties are reminded to meet and confer to resolve disputes informally before bringing a discovery dispute to the Commission.

11. Filing, Service and Service List

In this proceeding, there are several different types of documents participants may prepare. Each type of document carries different obligations with respect to filing and service.

¹⁸ PG&E attached its standard Non-Disclosure Agreement form to its PHC Statement for the use of parties seeking access to confidential information.

All formally filed documents must be filed with the Commission's Docket Office and served on the service list for the proceeding. Article 1 of the Rules contains the Commission's filing requirements. Other documents, including prepared testimony, are served on the service list but not filed with the Docket Office. We will follow the electronic service protocols in Rule 1.10 for all documents, whether formally filed or just served. This Rule provides for electronic service of documents, in a searchable format, unless the appearance or state service list member did not provide an e-mail address. If no e-mail address was provided, service should be made by United States mail. In this proceeding, we require concurrent e-mail service to ALL persons on the service list for whom an e-mail address is available, including those listed under "Information Only."

Parties are expected to provide paper copies of served documents upon request. E-mail communication about this case should include, at a minimum, the following information on the subject line of the e-mail: A.15-09-001 - PG&E GRC. In addition, the party sending the e-mail should briefly describe the attached communication; for example, Brief. **Paper format copies, in addition to electronic copies, shall be served on the assigned Commissioner and the ALJ.**

The official service list for this proceeding is available on the Commission's web page. Parties should confirm that their information on the service list is correct, and serve notice of any errors on the Commission's Process Office (ALJ_Process@cpuc.ca.gov), the service list, and the ALJ. Prior to serving any document, each party must ensure that it is using the most up-to-date service list. The list on the Commission's web site meets that definition. Any person interested in participating in this proceeding who is unfamiliar with Commission procedures or who has questions about electronic filing procedures should

contact the Commission's Public Advisor at (866) 849-8390 or in San Francisco at (415) 703-2074, or (866) 836-7825 (TTY-toll free), or send an e-mail to public.advisor@cpuc.ca.gov.

12. Web Posting of Documents

PG&E has offered to maintain a "Document Website" where all non-confidential documents related to this proceeding can be accessed. Instructions for having documents posted to this site are set forth in Appendix D. Such posting does not relieve parties from the filing and service rules described in Section 11 of this Ruling.

13. Hearing Ground Rules

Parties shall comply with the hearing ground rules in Appendix D of this Ruling. These ground rules are intended to promote fair and orderly hearings, and efficient use of hearing time.

14. Intervenor Compensation

Pursuant to Pub. Util. Code § 1804(a)(1), any party who intends to seek an award of intervenor compensation in this proceeding should file and serve a notice of intent to claim compensation no later than November 30, 2015. As necessary, separate rulings will address eligibility to claim compensation for any party that timely files and serves a notice of intent to claim compensation.

IT IS RULED that:

1. The scope of this proceeding is set forth in Section 2 of this ruling.
2. The schedule set forth in Appendix A of this ruling is adopted.
3. A public workshop, as previously scheduled, was held on September 29, 2015 to provide an overview of PG&E's application and its proposed revenue requirements. If any additional workshops are scheduled in

this proceeding, notices of such workshops shall be posted in the Commission's Daily Calendar. Parties shall check the Daily Calendar regularly for such notices. Any workshop duly noticed in the Daily Calendar, combined with this scoping memo or other orders or rulings issued in this specific proceeding, satisfies the requirements of the Commission's Rules of Practice and Procedure Rule 8.1(c) such that no *ex parte* communication shall be considered to occur should a decision-maker or an advisor be present at the meeting or workshop.

4. Evidentiary hearings shall be held, beginning at 9:00 a.m. on June 13, 2016 and continuing through July 1, 2016. Evidentiary hearings will be held in the Commission's Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California.

5. Pacific Gas and Electric Company (PG&E) shall file and serve a Case Management Statement document, on behalf of the parties five calendar days prior to hearings as outlined in Section 4 above. Parties planning on cross-examination shall provide to PG&E their estimated time for cross-examination per witness seven calendar days prior to the start of hearings.

6. Pacific Gas and Electric Company shall file a separate application to address electric marginal cost, revenue allocation, and rate design matters.

7. This ruling confirms the Commission's preliminary finding in Resolution ALJ 176-3363 that the category for this proceeding is ratesetting and that hearings are required. This ruling, only as to category, is appealable under Rule 7.6

8. Administrative Law Judge Stephen Roscow is the principal hearing officer for this proceeding.

9. Parties shall comply with the *ex parte* communications rules set forth in Rules 8.1 through 8.5.

10. Any party requesting a final oral argument before the Commission shall file a motion within 10 days of the filing of reply briefs, as described in Section 9 of this ruling.

11. Parties shall comply with the discovery protocols set forth in Section 10 of this ruling, including, to the extent practical, use of the web-based discovery for obtaining information from Pacific Gas and Electric Company as set forth in Appendix C of this ruling.

12. Parties shall file and serve all relevant filings as set forth in Section 11 of this ruling.

13. For posting documents on Pacific Gas and Electric Company's "Document Website," parties shall use the protocols set forth in Appendix D.

14. Parties shall comply with the hearing ground rules set forth in Appendix E.

Dated December 1, 2015, at San Francisco, California.

/s/ MICHAEL PICKER
Michael Picker
Assigned Commissioner

APPENDICES

APPENDIX A
ADOPTED PROCEEDING SCHEDULE

Activity	Date
Application Filed	September 1, 2015
Initial Public Workshop	September 29, 2015
Prehearing Conference	October 29, 2015
Additional Public Workshops	Scheduled if necessary
PG&E SmartMeter Cost-Effectiveness Exhibit	December 1, 2015
Supplemental PG&E Testimony ¹	January 22, 2016
Supplemental PG&E Testimony ²	February 22, 2016
ORA Testimony	April 8, 2016
Intervenor Testimony	April 29, 2016
Settlement Discussions	May – June, 2016
Public Participation Hearings	May, 2016
Rebuttal Testimony	May 27, 2016
Evidentiary Hearings Begin at 9:00 a.m. Commission Courtroom State Office Building, 505 Van Ness Avenue San Francisco, CA 94102	June 13, 2016
Evidentiary Hearings End	July 1, 2016
Comparison Exhibit (if necessary)	July 22, 2016
Opening Briefs	August 1, 2016
Reply Briefs	August 15, 2016
ALJ Proposed Decision	November 1, 2016
Final Decision	December 1, 2016

(End of Appendix A)

¹ As determined in this scoping ruling, PG&E shall serve supplemental testimony regarding activities and associated costs to address inaccurate, missing, or inaccessible records for its gas distribution system.

² PG&E's supplemental testimony will address the following areas: (i) an updated tax forecast; (ii) updated labor escalation assumptions; and (iii) an update to the methodology allocating shareholder remedy costs between gas transmission and distribution.

APPENDIX B PRINCIPAL ISSUES TO BE CONSIDERED

The principal issues to be considered in this proceeding are whether:

1. The proposed revenue requirement for the electric distribution function in 2017 is just and reasonable and the Commission should authorize PG&E to reflect the adopted electric distribution revenue requirement in rates.
2. The proposed revenue requirement for the gas distribution function in 2017 is just and reasonable and the Commission should authorize PG&E to reflect the adopted gas distribution revenue requirement in rates.
3. The proposed revenue requirement for the electric generation function in 2017 is just and reasonable and the Commission should authorize PG&E to reflect the adopted revenue requirement in rates.
4. The Budget Compliance Reports required by PG&E's 2011 and 2014 GRCs should be continued through the 2017 GRC period as described in Exhibit (PG&E-2), Chapter 1.
5. With respect to the Gas Distribution organization described in Exhibit (PG&E-3):
 - a. The proposed revision to PG&E's policies in order to remove idle stubs should be approved, as described in Chapter 4.
 - b. The two-way balancing account for leak survey and repair should be closed, as described in Chapter 6C.
6. With respect to the Electric Distribution organization described in Exhibit (PG&E-4):
 - a. The two-way balancing account for major emergency costs should be continued, as described in Chapter 4.
 - b. The facilities charge associated with the light-emitting diode (LED) Streetlight Conversion program should be continued, as described in Chapter 6.
 - c. The one-way balancing account and tracking account for Vegetation Management should be continued, as described in Chapter 7.
 - d. The ongoing revenue requirements associated with the costs of Smart Grid pilot deployment projects should be approved and included in the 2017 GRC, as described in Chapter 15.
 - e. The annual PG&E Electric Tariff Rule 20A work credit allocation amount of \$41.3 million should be extended through 2019, as described in Chapter 18.
7. With respect to the Energy Supply organization described in Exhibit (PG&E-5):
 - a. The two-way balancing account for implementation of rulemaking requirements associated with nuclear safety and security should be continued, as described in Chapter 3.

- b. The two-way balancing account associated with FERC hydroelectric relicensing and new/amended license conditions should be continued, as described in Chapter 4.
 - c. The proposal to return the underspending in the two aforementioned balancing accounts should be approved, as described in Chapter 8.
 - d. The credit of the Department of Energy refunds to the generation revenue requirement should be continued, as described in Chapter 8.
 - e. The Diablo Canyon Seismic Studies Balancing Account should be closed and the costs associated with the Diablo Canyon Power Plant Long Term Seismic Program should be included in the generation revenue requirement, as described in Chapter 8.
 - f. The costs of the second refueling outage at Diablo Canyon and of the costs associated with the Colusa and Gateway Generating Station major outages associated with their Long-Term Service Agreements should be levelized over the 2017 GRC period, as described in Chapter 8.
 - g. The ongoing revenue requirement associated with PG&E's Photovoltaic Program assets should be included in the generation revenue requirement going forward, and the capital cost savings related to the PV Program should continue to be credited to the Utility Generation Balancing Account, as described in Chapter 8.
 - h. The ongoing revenue requirements associated with the costs of Smart Grid pilot deployment projects should be approved and included in the 2017 GRC, as described in Chapter 8.
8. With respect to the Customer Care organization described in Exhibit (PG&E-6):
- a. The Memorandum of Understanding between the Small Business Utility Advocates and PG&E should be adopted, as described in Chapter 2.
 - b. The Energy Data Center Memorandum Accounts should be closed, as described in Chapter 2.
 - c. The Dynamic Pricing Memorandum Account should be closed, as described in Chapter 3.
 - d. The alternative proposal to revise telephone service levels should be adopted, as described in Chapter 4.
 - e. The Memorandum of Understanding between the Center for Accessible Technology and PG&E should be adopted, as described in Chapter 5.
 - f. The alternative proposal to close 26 customer service offices should be adopted, as described in Chapter 5.
 - g. The SmartMeter™ Opt-Out Memorandum Accounts should be closed, as described in Chapter 7.
 - h. The requirement to perform accuracy testing of certain gas meters that have been removed from service should be eliminated, as described in Chapter 7.

- i. The proposed reductions to customer fees (i.e., the reconnection fees and non-sufficient funds fees) should be adopted, as described in Chapter 8.
 - j. The proposed clarification to the calculation of PG&E's uncollectibles factor should be adopted, as described in Chapter 8.
- 9. With respect to PG&E's Results of Operations material set forth in Exhibit (PG&E-10):
 - a. The proposed allocation of common costs (A&G expenses and common plant) should be approved for use in other, non-GRC Commission ratemaking mechanisms, as described in Chapter 7.
 - b. The forecast of payroll and other taxes should be approved, as described in Chapter 8.
 - c. The forecast of rate base should be approved, as described in Chapters 9 and 14.
 - d. The forecast of depreciation reserve and expense and accompanying depreciation parameters, including the proposed adjustment relating to the Kern Power Plant Order Instituting Rulemaking (I.14-08-022), should be approved, as described in Chapter 10.
 - e. The forecast of income and property taxes should be approved, as described in Chapter 12.
 - f. The computations for working cash should be approved, as described in Chapter 13.
 - g. The forecast of other operating revenue should be approved, as described in Chapter 17.
- 10. With respect to the Post Test-Year Ratemaking proposal set forth in Exhibit (PG&E-11):
 - a. The proposed attrition adjustments for 2018 and 2019 for the electric and gas distribution and electric generation functions should be approved, as described in Chapter 1.
 - b. The proposal to implement the annual adjustments through the Annual Electric True-Up and Annual Gas True-Up filings should be approved, as described in Chapter 1.
- 11. With respect to PG&E's General Report material set forth in Exhibit (PG&E-12):
 - a. The proposed modifications to reporting requirements should be approved, as described in Chapter 8.
 - b. The revisions to existing balancing and memorandum accounts should be approved, as described in Chapter 9.
 - c. The proposed simplification to the accounting procedures for affiliate transfer fees should be approved, as described in Chapter 9.

(End of Appendix B)

APPENDIX C
WEB-BASED DISCOVERY PROTOCOLS
FOR OBTAINING INFORMATION FROM PG&E

Parties shall use the following web-based discovery protocols, to the extent practical, to obtain information from PG&E.

1. Parties should transmit their data requests to PG&E electronically by email, preferably with the content document (discovery request) attached to the email. The email should be sent to GRC2017@PGE.COM. This will greatly facilitate the processes of routing the questions to the appropriate witness and the posting of the data request on the website.

2. Service of the response should be deemed effected once PG&E posts its response on its website, and PG&E sends an email to the requestor indicating that the response has been posted for Internet access and, subject to size limitations, providing the requestor an electronic copy of PG&E's response. Please note that, in the case of confidential material or material that cannot be made available electronically, the same protocol will apply, but the confidential or non-electronic material will be sent in hard copy via first-class mail.

3. PG&E shall not be required to provide paper copies of discovery responses to any party that has access to PG&E's Rates & Regulations Internet website, except for those portions of a response that are not available electronically, or which include confidential material. PG&E will establish discovery website access for those individuals related to an active participating party in the PG&E General Rate Case 2017 who signs PG&E's "Internet Discovery Access Agreement" a copy of which is attached to PG&E's Prehearing Conference Statement. A party seeking access should locate the area of the website labeled "Internet Discovery Access Log-In," click on "Register" to register for an individual user name and password, and to complete the enrollment process for GRC 2017. The last step of that process asks the party to download a Word file containing the agreement, and then execute and return to PG&E a paper copy of the agreement. Once PG&E receives that agreement, PG&E will notify the party by email that the party has been given requisite case access.

4. PG&E shall be required to accept data requests by mail and provide paper copy responses only for those parties who do not have internet access. This is consistent with the protocol in PG&E's 2014 and 2011 GRCs as well as the Commission's own filing rules, which require major utilities such as PG&E to file their pleadings electronically rather than in hard copy (Rule 1.13).

(End of Appendix C)

APPENDIX D DOCUMENT WEBSITE POSTING PROCEDURES

PG&E has established a dedicated e-mail address to facilitate development of the “Document Website” for the Test Year 2017 General Rate Case. Parties and the public can access documents posted at the following link:

<https://pgera.azurewebsites.net/Regulation/search?CaseID=1387>

Click on the Search button to access a list of posted documents. Each party shall send all public version documents that are required to be either filed or served to GRC2017@PGE.COM as an attachment.

In the case of documents containing confidential material subject to Pub. Util. Code § 583 or a non-disclosure agreement, a redacted copy shall be sent to the above email address. For documents PG&E receives during normal business hours (M-F, 8:30 a.m. to 5:00 p.m.), PG&E shall post the document within three hours after receipt. For documents PG&E receives outside normal business hours, PG&E shall post the document by 11:30 a.m., the next business day. In the event that a document is not timely posted, PG&E shall promptly post the document after discovery of the error.

To eliminate differences in pagination upon printing, parties should save their documents in Adobe Portable Document Format (pdf). Files converted by Adobe Acrobat from other document formats are preferred to files that contain scanned images due to file size and search ability features. Parties to the case who do not have access to the web shall be served with paper copies, as is normally the case.

(End of Appendix D)

APPENDIX E GROUND RULES FOR EVIDENTIARY HEARINGS

Exhibit Format

All exhibits must be a format consistent with Rule 13.7(a). Parties often fail to include a blank space two inches high by four inches wide to accommodate the Administrative Law Judge's exhibit stamp. If necessary, add a cover sheet to the front of the exhibit. The common practice of pre-printing the docket number, a blank line for the exhibit number, and witness names(s) is acceptable, but it is not a substitute for the required two by four inch blank space to accommodate the exhibit stamp.

In addition, all exhibits should be bound on the left side or upper left-hand corner. Rubber bands and paper clips are unacceptable. Excerpts from lengthy documents should include the title page and, if necessary for context, the table of contents of the document. Parties are asked to use a font size no smaller than 12 point wherever practicable.

In PG&E's PHC Statement, Attachment E, PG&E provides a "Current List of Exhibits Including Workpapers" that PG&E intends to be moved into evidence in this proceeding. PG&E utilized a numbering convention following a "PG&E" prefix. For example, PG&E's first testimony exhibit has been labeled Exhibit (PG&E-1). Similarly, workpapers for Chapter 5 of PG&E's first exhibit would be labeled "PG&E-2 WP 05." PG&E's labeling convention is accepted and will be utilized for purposes of identifying its exhibits during the evidentiary hearings.

PG&E shall maintain a running list of all exhibits identified and received into evidence throughout the proceeding and shall provide an update to the list to the ALJ and interested parties at the start of each day of evidentiary hearings.

Exhibit Copies

In accordance with Rule 13.7(b), the original and one copy of each exhibit shall be furnished to the Presiding Officer and a copy shall be furnished to the reporter and to each party. The copy furnished to the Presiding Officer may be the mailed copy. Except for exhibits that are served prior to the hearing, parties are responsible for having sufficient copies available in the hearing room for the court reporter and each party in attendance.

Procedural Motions and Objections to Testimony

Parties should avoid bringing oral motions during evidentiary hearings that could have been made in writing, unless the objection or motion is in direct response to oral testimony or where an oral motion is likely to be unopposed and can be done expeditiously. To the extent that extenuating circumstances warrant other limited exceptions, the ALJ may consider such limited exceptions as circumstances warrant.

Motions and objections should be brought before the ALJ for disposition as early as reasonably possible. In the case of motions to strike testimony, motions should be filed no later than five business days before the start of hearings. Unwarranted delays in bringing motions to strike will be weighed as a factor in arriving at a ruling.

Deadlines for Providing Cross-Examination Exhibits

Allowing witnesses time to review new or unfamiliar documents can waste hearing time. A party who intends to introduce an exhibit during cross-examination should provide a copy to the witness and the witness' counsel before 8:00 p.m. of the prior day before the witness takes the stand to be cross examined on the exhibit.

Corrections to Exhibits

The practice of making extensive oral corrections to exhibits on the witness stand, requiring lengthy dictation exercises, causes unnecessary delays. To the extent possible, corrections to testimony should be provided in the form of errata exhibits.

Hearing Hours

Hearings will generally run from 9:00 a.m. to 12:00 p.m. with at least one morning break, and from 1:30 p.m. to 3:30 p.m. with one afternoon break. The hearing hours may be revised, as needed, by the assigned Administrative Law Judge.

Cross Examination Time

As set forth in Rule 13.5, parties are placed on notice that it may be necessary to limit and allocate time for cross-examination as well as time for redirect and re-cross-examination.

Rebuttal Testimony

Prepared rebuttal testimony should include appropriate reference to the testimony being rebutted. It is inappropriate, and a potential grounds for striking, for any party to withhold direct presentations for introduction in rebuttal testimony.

Court Reporters

Common courtesy should always be extended to the reporters. Counsel should wait for witnesses to finish their answers, and witnesses should likewise wait for the entire question to be asked before answering. Counsel shall refrain from simultaneous arguments on motions and objections; instead, all counsel

statements shall be directed to the Presiding Officer. Conversations at the counsel table or in the audience can be distracting to the reporter and other participants, including witnesses. Such distractions shall be avoided.

(End of Appendix E)